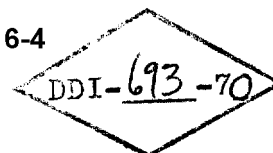


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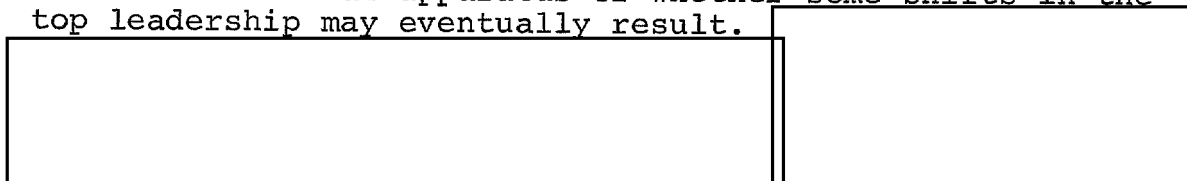
6 March 1970

MEMORANDUM TO: Assistant Deputy Director for Intelligence

SUBJECT : INRM-10: USSR: Is the Leadership Pot  
Beginning To Boil Over?

1. Analysts of Kremlin politics rarely have conclusive evidence to work with, and this winter has been no exception to the rule. We have, however, observed some signs and portents that have led us to much the same conclusions at which INR has arrived. We feel that the Soviet leaders are seriously concerned over the disappointing performance of their economy and that this concern has been heightened by their calendar for 1970--of which more below. We suspect that their concern has been compounded by their frustration in failing to find a program of reform that will spur economic progress and still preserve the degree of central control they consider to be essential. We regard this combination of concern and frustration in failing to find a program of reform that will spur economic progress and still preserve the degree of central control they consider to be essential. We regard this combination of concern and frustration as politically inflammable, but like INR we cannot predict with any confidence whether the mixture can be cooled down by finding scapegoats in the ministerial apparatus or whether some shifts in the top leadership may eventually result.

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2. We see a number of political reasons why the disappointing though certainly not catastrophic economic situation would strike the Soviet leaders with special force this year. The "economic reform" of 1965 has about run its course without bringing about major gains in efficiency. Its supporters can no longer make credible promises of major future gains. Its opponents need only point to the 1969 plan fulfillment figures for "evidence" that it has "failed." To go back to the old ways of administering promises better political control for the Kremlin but no improvement in the economy. To adopt more radical measures of "reform," as urged by some lower level officials, carries a threat of erosion of political control--vide Czechoslovakia in 1968.

3. This is the final year of the current five year plan, and basic targets must be decided for the next five year period, now less than 10 months away. The decisions on allocations which this task entails are always contentious matters for Soviet leaders. Some of them, in addition to their roles in the policy-making collective, have executive responsibility for one or another sector of the economy. Success or failure in these fields can have a decisive effect on their careers. All have a rough approximation of political "constituencies" on whom they depend for political support--regional leaders and/or such interest groups as the military or heavy industry. The 1969 economic performance is a sharp reminder to both leaders and their supporters that some hard infighting will be necessary to protect each group's interests.

4. These problems may be brought to a head by the next Party Congress which is due this year, although no date for it has been announced. A new Central Committee will be elected, and the individual leaders will be maneuvering to ensure that their supporters are named. The opportunity to shift the political center of gravity in the 11-man Politburo may be too tempting for potential challengers to pass up, but we cannot foretell whether they will make a move this year, or with what success.

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Chief, European Division, OCI

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